

THE CONTINUING IMPROVEMENT
OF AMERICAN INTELLIGENCE CAPABILITIES

Our nation's intelligence activities are undergoing profound changes which already are demonstrating improved performance and potential. Don't believe many Americans, other those your's and House Committee and relatively few Exec Branch, comprehend extent and importance of changes. Hence I'd like to discuss what they are and why. There are three factors forcing these changes:

- The changed role which the United States sees for itself in international affairs since the end of the Vietnam war;
- The greater interest of the American public in matters of intelligence since the investigations of intelligence abuses during 1975-1976;
- The burgeoning capabilities, and costs, of sophisticated intelligence collecting techniques.

Let us examine each of these factors and what adaptations of the traditional approach to intelligence they dictate.

I. Changing U.S. Role in the World.

U.S. in state transition - activist - interventionist approach to foreign affairs - to one of more measured use of influence abroad

Implicit recognition that there are real limits on ability to intervene mil, pol or econ in affairs others

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Restraints -

1. Visibility - influence of world opinion
 - Greater visibility of foreign policies and particularly interventions today
 - The revolution in international communications means:
 - * what we do is instantly known around the world
 - * also means will be widespread attention to it and
 - criticism or
 - approbation
 - I perceive a clear power to influence by means of such criticism/approbation of international community, even though that community generally composed of nations 2nd/3rd order real power. In effect, limits/constraints being forged often by cries of the powerless.
 - Today some endeavors of industrialized/traditional big powers cannot succeed without LDC cooperation
 - e.g. Law of the Sea
 - Anti-hijacking/hostage sanctions
 - Because 1 vote/country
2. Uncertainty who to support
 - image of monolithic communism punctured - no longer easy to pick sides in international arena - and decide where might want to intervene

Look at some choices we've had recently:

- Ogaden/Ethiopia - side Soviets against was Marxist dictator who's aggressor - or

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- Cambodia - side Soviets against most repressive regime on globe today - Pol Pot - or
- even Iran - if had truly understood degree of discontent with Shah and his policies - should we still back him just because been valuable, trusted ally/customer? Or, should been expected to predict and aged, religious figure living in exile would arise with the charisma to ignite a nation?

White hats/Black hats

3. Lesser ability today to effect change if do intervene - circumscribed by several factors

- 1) Attitude of fie on both the house of Romanov and house of Washington - influence short of mil pressure
 - India/Pakistan - Soviets and US
 - Yugoslavia - historically not pro US or pro Soviet
 - Albania - can thumb nose at US, Soviets, and PRC at same time
 - Iraq - anti-US; growing anti-Communist
 - Brazil - anti-Communist but also growing more anti-US (human rights)
 - Sweden - tough on Soviets and US
- 2) In part, defense dynamic, i.e., modern weaponry is such, that superior military power may not be enough - defensive, disruptive armaments can give even militarily superior aggressor tough time:

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- we and VN
- now, ironically, VN and Pol Pot

Chances success intervention - mil/pol lessened

4. That when national interests are changing, it is more difficult to gain consensus - what objective worth

- After VN - consensus not to intervene anywhere short of W. Europe (almost)
- After 1973 oil embargo, much more focus on Mideast oil
- But recent clamor on Iran has not been to intervene, but to presume that if CIA had provided perfect intelligence, somehow, the result would have been different

* little discussion of what we could have done

to influence events there

* besides that, we've thought more of how Indonesia, Sudan, and Egypt, for example, have all sunk beneath the red tide only to reemerge on a subsequent wave

- Today we question not only our ability to influence events abroad but the need to do so.

Yet, U.S. must exercise its influence behalf free world

More subtle long term exercise of influence vice finger in dike

Need for longer term approach built on more subtle understanding of international, political, economic as well as military, events

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Former stress on military and pol crisis intell necessary and still required. Additive requirements in econ, cultural, fundamental pol, terror, scientific, psychology of leadership, narcotics, etc.

In part requires development of new disciplines; of interdisciplinary analysis; and of more assets for both analysis and collection.

In part, proper ID areas of concentration.

Also, new approach to estimative process

Displaying the facts has been key point in military estimates. Military commanders want to know what facing.

U.S. military particular disdain for estimates of intentions - why -

Led to a style of estimating that emphasized consensus among CIA, DIA, Services and State

Not too dangerous

Aircraft range - if estimates are 2,000 and 1,000, 1,500 probably reasonable best guess (both estimators have taken extreme positions in anticipation of compromise)

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In econ/pol estimating or mil intentions - quite the contrary -

Whether enemy will attack on Monday or Friday?

Wednesday only surely wrong answer

Whether regime in country x stable or not -

Therefore 2 approaches required:

1. Decisive choice
2. Display of alternative argumentation

Thus the estimating process is evolving:

More important, DCI as President's senior intell advisor must be intimately involved in estimating process in order to:

- give sound advice;
- ensure that estimating process does not degenerate into "least common denominator" compromises that have characterized past

When there are differences, however, is essential that they be explained -

In pol/econ spheres much more important than mil - is essence of intel product - explication of pressures pro and con more valuable than flat predictions

Thus change today is to strengthen DCI authority to coordinate estimates, but to ensure independence of DIA, INR, etc.; and full explication of their views when different from DCI's.

Dissenting views vice comments; progress, not there yet.

To go back to my comment that need expand disciplines and inter-disciplinary analysis - importance here expands as we move more and more from tech and mil to other spheres.

Looking at basic recruiting, training and retention techniques.

e.g.:

- 1) Attempting provide more overseas opportunities for analysts
- 2) Attempting provide career pattern for pure analysts want remain with their expertise rather become managers
- 3) But I am concerned that America's educational foundation is withering in many areas uniquely important to intelligence - the combination of foreign language competence and an area or functional discipline, for example.

On interdisciplinary side establishing more fora for discussion more task force type cells for special areas of concern, e.g. Cuba, Iran.

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And have created a NIO for warning - attempt ensure alertness beyond individual analyst concerns to trends and successive developments that may mean trouble, not just tomorrow but over horizon.

As for ID areas for concentration analytic and collection resources - experimenting with technique of involving top policy makers more in establishing our priorities. NITs. Important - not there yet.

From that guidance - from my own sense - ID following key developments which will impose new or increased demands on intell:

Looking at geographic areas -

1) Iran/Middle East

- danger of civil war in Iran in short term and immense implications for long
- Israel-Egypt search for accommodation
- changes in regional power structure/balance
- will Pakistan and Turkey, on either side, remain free of Sov influence
- will Saudis rise to exercise influence have/can have
- will Saudi Arabia itself have a political crisis

2) Yugoslavia

- Tito's age--possible waning of power
- jockeying of extant opposition forces
- unpredictability of USSR reaction to succession
- period of Balkan instability after Tito's death and possible Albanian succession

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(3) South Africa

- signs PM moving to more moderate stand on race relations, though not on who governs white South Africa
- trend toward moderation could defuse or ignite area depending on how astutely done and at what pace
- direct affect on US-needed materials
- influence on rest of Africa uncertain

(4) Korea

- tentative signals from North and South Korea to talk about reunification will further upset status quo
- adjustment to revised US-PRC; PRC-Jpn relationships

(5) PRC

- greater access by US
- may change way we watch USSR
- need to rethink China-watching; do we have expandable capabilities of the right kind?--need for Chinese language experts
- US-USSR-PRC relationships undergoing readjustment
- effects of rapid modernization on both PRC and neighbors - will succeed
- will remain stable

(6) 3 friends/allies

Mexico

oil and immigration

deep resentment

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Canada

separatism

raw material dependence

14 of 24 stockpiled critical

Germany

push/pull of east-west strains

confidence in US - in European partners

A major characteristic of these predominantly politically or economically influenced problems is that our accurate reading of them will depend much more on good HUMINT than technology. It may be necessary to reallocate HUMINT resources and increase/change analytic expertise.

Social/Economic

1) Raw Materials/Energy

- by 1985 US will import 50% of raw materials
 - including iron ore ~~and lead~~
- affect on US and 3rd World of tactics to restrict production, inflate prices, use for political leverage, etc.
- how anxiety over cutbacks may be manifest
- as 3rd World modernizes, their material/energy demands increase
- controls on foreign exploitation of reserves requires consumer adjustments
- affect on material constraints on war-fighting/deterrence capabilities

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2) Population

- world population increases 1.4 million/week
- world population may reach 6 billion by 2000 (from about 4 billion today)
- energy needs increasing while sources of energy and raw materials decreasing
- prices increasing faster than wages
- pollution increasing

3) Food

- 1 billion people live in 40 underdeveloped countries along equatorial belt. 60% are malnourished, 20% border on starvation
- 1 of every 3 people in world (total: 1.3 billion) live in a country that does not grow enough to adequately feed its population (70% live in 4 Asian countries; the rest in Africa and Latin America)
- every year, demand for food and consumer products increases by 4%
- disproportionate consumption creates pressures: average grain consumption/year in US = 1850 lbs/person; in Africa and S. Asia = 380 lbs/person
- pressures developed by inadequate crops or unforeseen crises

(4) Nuclear Proliferation

- The production of nuclear weapons is already within the technological and economic capabilities of many countries (non-nuclear weapons states), and the number is growing
- Without violating safeguards (IAEA and NPT), these countries could accumulate sufficient fissile material, complete the necessary nuclear explosive research and development work, and thus be in a position to make nuclear explosives on short notice
- Countries not parties to the NPT (or having otherwise unsafeguarded nuclear facilities and materials) could achieve the capacity to make nuclear explosives even more easily or secretly

(5) Industrial production/markets

Present imbalance w/Japan--Germany

Future - China industrialize

Not just high market

Every LDC want escape agriculture/raw material syndrome

How rationalize

How protect US interests - find make

These requirements call for new areas of analysis, new expertise -

Also collection of non-espionage data in most cases - collation often answer

Military

(1) Arms Control

- Requirements on intelligence to monitor US arms limitation agreements will rise markedly with SALT II's broader coverage

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and qualitative limitations. Projected provisions of SALT II have been developed with verification needs significantly in mind.

* MBFR, CTB, ASAT, CAT, Indian Ocean and Chemical Warfare negotiations each also involve complex verification challenges.

* While we don't yet know the scope of SALT III, we can presume it will include harder qualitative verification problems and relationships between "strategic" and "theater" systems.

* Should Arab-Israeli peace negotiations bear fruit, intelligence may well be called upon to contribute to monitoring agreements reached.

2) Sov mil impulsion - must keep track -

3) Smaller outbreaks - SEA, Korea, M.E., Africa

All require more technical collection

Unsure quantitative requirements if all arms control negotiations succeed

Moving to areas like radar to fill vast blank in tech capabilities

Challenge of squeezing all in within \$

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II. Increased Public Attention to Intelligence.

Investigations eroded confidence, support

Generated suspicions of invasions of privacy

Enough true (even tho much exaggerated) that corrective action necessary

Action very thorough

Oversight procedures: Pres, IOB, Congress -
including press

Impact

Much greater visibility

Some wanted

Much unwanted

3 impacts on Community

1. Uncomfortable

Secrecy - necessity and habit; e.g. case officer's stock in trade is assurance of confidentiality

2. Accountability

New -

Techniques unfamiliar

Have adapted beautifully - but painful

Super budget presentations - FY '78 vs '80

3. Lessen valuable capabilities

A. Especially to C.A. - 2 aspects

1) Leaks

a) Domestic political issues -

Congress

b) Controversial policy issues -

Exec Branch

Hughes - Ryan?

2) Loss of flexibility due detailed
guidance/control

Won't work that way

Spillover inhibition to intell collection

B. To intell collections

Risks of leaks - clearances

Reverse need for disclosure and hold closeness

Lesser confidence - agents and allies

Net impact visibility:

Plus -

Must have public support

Must avoid abuses

Charters and practice of next 2-3 years will establish
balance -

How much dos nation desire assurance against invasions
of privacy and foreign policy moves considered unethical
at some expanse in intell/covert action capabilities

III. Burgeoning Technical Capabilities.

New dimension of intell - referred to earlier - arms control - but want expand because magnificent opportunities if utilized well

Missing mechanism -

coordination of 3 elements - PHOTINT - SIGINT - HUMINT

Each an intell community on own -

Collect

Interpret

Produce

Especially need integrate HUMINT

Proper targeting HUMINT greatest need that area

Importance just as critical despite

burgeoning tech int

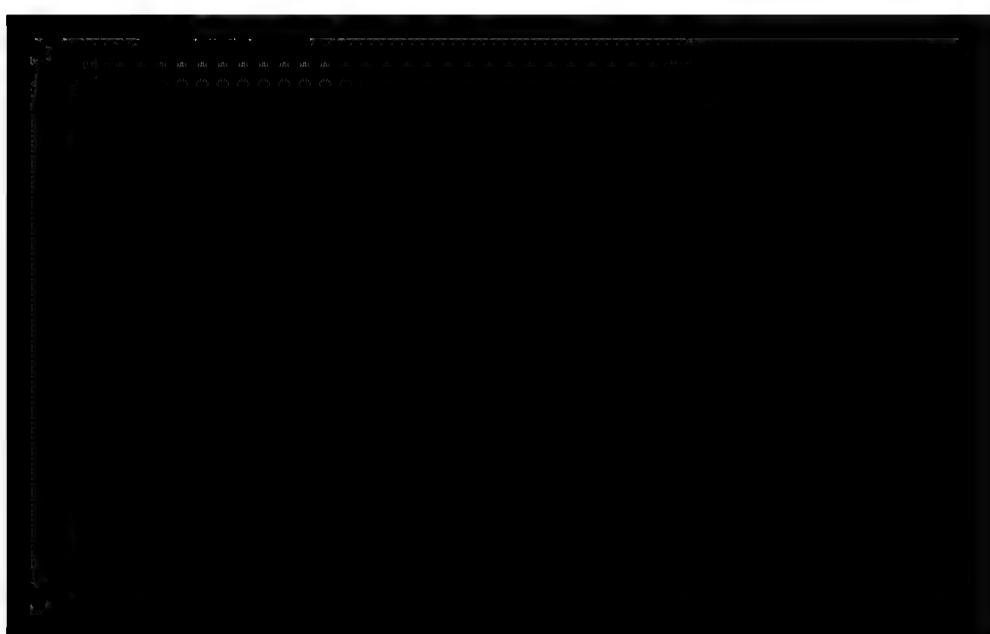
Intentions

\$/Manpower adequate -

Nothing failed to undertake due lack

resources

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- 2) We are implementing appropriate approaches in human collection (as elsewhere) to abide by today's moral/legal constraints on American intelligence while continuing operational effectiveness:
 - a) laws such as the Electronic Surveillance Act passed last Session;
 - b) E.O. restrictions and limitations involving rights of US citizens, various types of physical surveillance/monitoring, etc.
 - c) some present legal constraints involve serious handicaps: loss of confidence of individuals and services abroad in our ability to protect clandestinely collected information in raw form from FOIA disclosure. We hope the Congress will grant relief from this category of FOI search. Such relief would be a signal to would-be sources of information and friendly intelligence services that we can protect their anonymity.
- 3) We also face challenges in continuing to find young people willing to serve overseas. CIA is in the midst of its first generational turnover. While recruiting for human collection area in general is satisfactory, willingness to undertake restrictions of long-term clandestine life overseas is not as prevalent as it has been and as is necessary.

Can't afford not to integrate all three

Cost

Missed opportunities

Pres. E.O. - strengthen DCI

Budget

As noted going well

Tasking

Incipient stages

Objective - max utilization of each system

Not how to do - but where/when to bring

forward - vice dependence on personal

contacts between analysts and collectors

e.g. NFAC - DDO

e.g. DIA - NSA

Also help to analysts - one-stop service

Major problems

1. Transition to greater dependence of tactical commanders
on national systems

Potential is there

Can't afford duplication

Yet CDR must have

a) Responsiveness

b) Confidence

- Difficult generate confidence if not
under direct control

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But many other elements of battle are not

Comm

Logistics

Inter-service report

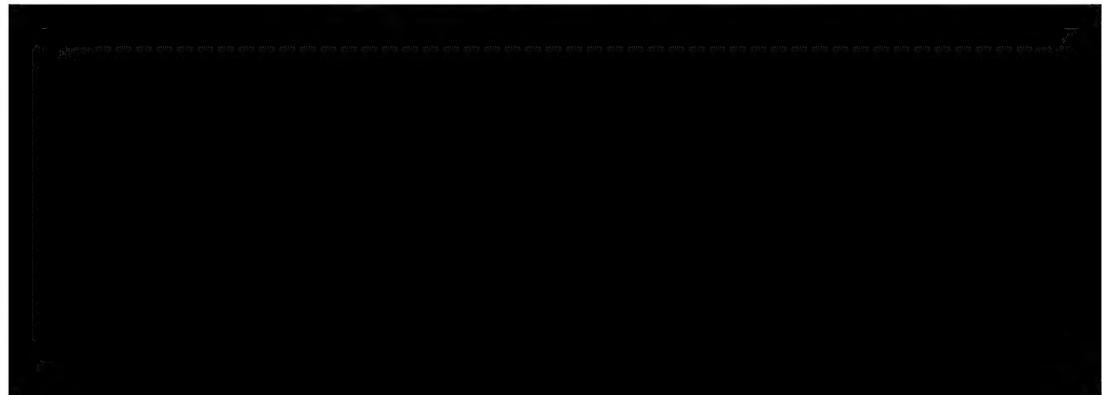
Delicate balance

Instinctively military will draw into shell and

recreate own systems under IRA and duplicate

Can't afford

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IV. Iran - Intelligence Failure?

- Too early to judge
 - * NFAC review underway
 - * Improved in-house review finished products
 - * Refocused analytic effort
 - * Special Task Force (Aaron and deputies) reviewing quality of political reporting. Developing recommendations - some already implemented

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- Sequence of events

- 1) July 77 - Jan 78 - IC reported serious dissident activity and widespread discontent;
 - * evaluated: serious but not insurmountable
- 2) January 78 - (after Qum riots) - IC reported fundamental incompatibility Shah and religious discontent
- 3) April-August 78 - IC reiterated depth of gap:
Shah and clergy
 - * evaluated: Shah uncertain how to respond

N.B. - NIE on Iran
 - * In part, above report contributed to scrapping NIE
 - * Fluidity of situation negated productivity of "long range" NIE
 - * Media quotes from draft inputs to NIE
- 4) August-September 78 - underscored seriousness of situation
 - * evaluated: Shah embattled; rule seriously challenged

N.B. - Did not foresee coalescence; thought Shah could contain with military and SAVAK

5) November 78 - IC sent NSC alert memo evaluation:
likelihood Shah would fall

V. Gentlemen, the priorities of the Intelligence Community and the way it goes about its business are changing. These changes are the inevitable result of 3 fundamental forces:

- 1) The changing needs of our consumers who must grapple with the political or economic policies of others; the pervasiveness of global social problems; and the often negative influence of pivotal LDC's on traditional world powers.
- 2) The changed domestic climate where any government secrecy is viewed with distrust and where strict legal constraints are sought to control intelligence activities; and to control intelligence activities; and
- 3) The changing character and cost of the tools of intelligence collection.

Each of these forces has placed special demands on the Intelligence Community. They are requiring the Community to adjust to a different kind of intelligence problem from the view of what intelligence is collected; how it is collected; how it is analyzed; and in what form it would be most helpful to the consumer.

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The adjustment is profound in that it touches every part of the Community and everything the Community does. All evidence indicates to me that we are making that adjustment well. Much of the credit for that must go to the intelligence professionals themselves who, through these past difficult years have continued to recognize the importance of their work for this country and have done it superbly.

At the same time, the Congress, and particularly those of you on the special intelligence committees, deserve much credit for the support, the sound advice, and the encouragement you have given us. There is no question in my mind that you recognize this country's need for good intelligence and are making every effort to ensure our intelligence capabilities remain strong through a balanced, reasonable approach to all intelligence questions.

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